



## IT Idea Portfolio

---

# Mail & Delivery Services

**Respectfully submitted by:**

Thomas M. O'Donnell, Operations Manager, ITOC

John Harden, Central Mail Facility Supervisor, ITOC

Sandi Baptista, Department of Labor & Training Mail Supervisor, ITOC



# Mail & Delivery Idea Summary

Idea	Cost Savings Low	Cost Savings High	Investment Required	Overall Risk
1. Certified Mail / Return Receipt	\$ 130,000	\$ 246,000	\$ 38,500	Low
2. Mail Piece Design	\$ 125,000	\$ 125,000	\$ 38,500	Low
3: Delivery Services	\$ 164,000	\$ 500,000	None	Medium
4: Consolidate DHS Mail Room	\$ 124,000	\$ 124,000	None	Medium
5. Barcode	\$ 200,000	\$ 200,000	\$ 400,000 ( possibly \$0 )	Low
<b>Totals</b>	<b>\$ 743,000</b>	<b>\$1,195,000</b>	<b>\$ 477,000</b> (possibly \$ 77,000)	



# Supporting documentation for implementation of new policies and procedures surrounding the Mail Piece Design and the Certified Mail Ideas.

- The Central Mail Facility currently handles 16 million pieces of mail annually.
- The Central Mail Facility currently expends \$3.5 million dollars in postage annually.
- The Central Mail Facility currently tracks over 4,600 accounts.
  - 543 for the State Agencies we service (not including the Colleges)
  - 3,796 for the University of Rhode Island
  - 312 for Rhode Island College
  - 26 for the Community College of Rhode Island

Five years ago when we implemented an account card that user agencies placed on their mail to replace the labor intensive process (two FTE's all day) of sorting and separating mail, it took over six months of a consultant and a State employee's time, and another six months of a State employee practically dedicated to that function fulltime. We held demonstrations at the United States Postal Service and at the many user locations. With the implementation of the barcode sorting equipment to save on postage, mail piece design had to be addressed. We introduced that subject as part of our demonstrations. It is a subject that needs to be addressed again and again, and also closely monitored to ensure compliance.



# 1. Certified Mail Return Receipt Cost Savings:

Proposal is to reduce the State's postage costs in regards to items mailed via certified mail with a return receipt requested. Our Facility currently averages 300 pieces per day (74,700 annually) at a minimum cost of \$4.05 per item. (\$2.30 to certify, \$1.75 for the return receipt)

Benefits would range from \$130,000 to \$246,000 in annual savings.

Option A (certified, but no return receipt) would bring a savings of \$130,000.

Option B (signature confirmation) would bring a savings of \$153,000.

Option C (delivery confirmation) would bring a savings of \$246,000.

We recommend implementing a policy to utilize option A for letters only until a favorable ruling from the USPS enables us to utilize options B and/or C for all mail.

We recommend implementing a policy to utilize option C for parcels only.

In order to prove this idea and the mail piece design idea we are proposing a six-month trial whereby we allocate one FTE to visit with agencies and provide them with the necessary education and training. In addition, we will publish these standards on the Central Mail Facility website.

Total cost of pilot = \$38,500 \* (1.7X payback in year 1)

\* \$50,000 salary + 40% overhead + \$7,700 = \$77K fully loaded cost .



# Certified Mail Now - - New Delivery Boxes To Save \$\$\$\$\$

[illegible]

**Introducing**  
**First-Class**  
***Smart Delivery Boxes™***



# Proposed Process - Option A – Mailing with no Return Receipt Requested

- Eliminate the return receipt requested from all mail pieces the State processes.
- The Central Mail Facility will have a machine that can scan the certified mail receipts barcode and update the United States Postal Service's (USPS) website with information detailing that the mail piece has been processed and mailed.
- The USPS will still get a hard copy signature that will remain on file at the main Post Office for two years, there will be a fee of approximately \$3.00 if you need a hard copy of the signature.
- The USPS website will have an electronic receipt available for printing as your proof of mailing with the time and date delivered, the City, State and Zip code for approximately six months.
- User agencies could print the website receipt and save for their records. They could also copy and save an electronic version on their computer instead of printing the receipt **or they could have the electronic receipt emailed to them.**
- This process would save  $\$1.75 * 300$  pieces per day for 249 days for an annual savings of \$130,725.



Electronic Record Law we believe applies to this idea

- **TITLE 42**  
**State Affairs and Government**
  - **CHAPTER 42-127.1**  
**Uniform Electronic Transactions Act**
    - **SECTION 42-127.1-7**



- **§ 42-127.1-7 Legal recognition of electronic records, electronic signatures, and electronic contracts.** – (a) A record or signature may not be denied legal effect or enforceability solely because it is in electronic form.
- (b) A contract may not be denied legal effect or enforceability solely because an electronic record was used in its formation.
- (c) **If a law requires a record to be in writing, an electronic record satisfies the law.**
- (d) If a law requires a signature, an electronic signature satisfies the law.



## 2. Mail Piece Design:

The Central Mail Facility currently meters approximately 12 million pieces of mail annually, of which 6 – 7 million qualify for a reduced rate because they comply with the bar-coding and OCR standards of the USPS. Of the remaining 5 – 6 million pieces, we estimate that we can bring an additional 2.5 million pieces into compliance which would result in \$125,000 of savings at approximately \$0.05 per piece. Our proposal is to better educate user agencies in mail piece standards and design so more of their mail qualifies for the lowest possible postal discounts. Envelope savings, reduction in re-mailings because of incorrect and/or moved addresses and increased usage of the interdepartmental mail system all would increase the above savings.

In order to prove this idea we are proposing a 6 month trial whereby we allocate one FTE to visit with agencies and provide them with the education and training necessary. In addition, we will publish these standards on the mail center website.

Total cost of pilot = \$38,500 \* (1.6X payback in year 1)

\* \$50,000 salary + 40% overhead + \$7,700 = \$77K fully loaded cost .



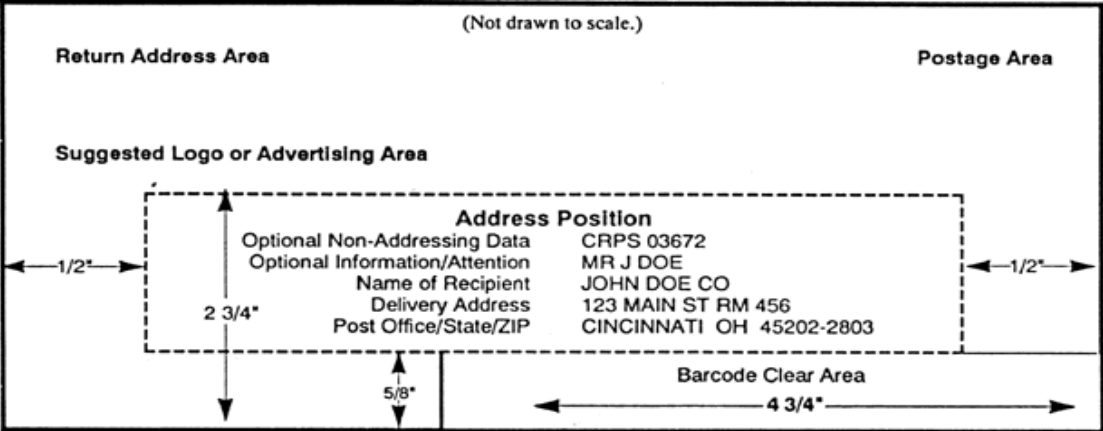


# Proposed Process

- Prior approval of mail pieces by C.M.F. manager through USPS personnel prior to printing.
- Mail piece design coordination.
- Address Hygiene. Review and update the addresses of the 20% who move annually. Meet with agencies to ensure proper, and USPS approved, address hygiene solutions are being utilized.
- Reject mail analysis and suggest solutions to the offending agency.
- Correct returned mail on the appropriate systems to avoid re-mailings.
- Quantify the actual costs of incorrect addresses on databases; current USPS figures are 20% of the population move annually. (cost associated with the development, printing, processing and postage of incorrectly addressed pieces returned back to the State over multiple mailings)
- Reduction of hand-written mail, incorrect fonts, and non-automation compatible addresses.
- Initiate approval process BEFORE mailings get printed to increase qualification rates of mail.
- Institute our user guide as the beginning of the standard operating procedure for all State Agencies mailings.
- Develop and implement policies and procedures regarding mail piece design and preparation.
- Reduce the 40% of our mail that doesn't qualify for postal discounts.
- Increase the utilization of the Central Mail Facility Interdepartmental Mail System which only costs us \$.17 per piece.



# Interdepartmental Envelopes --- Correct Envelope Addressing Standard



# Poor Addressing Examples -- Examples Of Good And Bad Flat Envelopes

1. MR JAMES F JONES 4417 BROOK ST NE WASHINGTON DC 20019-4649 CS INC.	2. MR JAMES F JONES 4417 BROOK ST NE WASHINGTON DC 20019-4649
3. MR JAMES F JONES 4417 BROOK ST NE WASHINGTON DC 20019-4649	4. MR JAMES F JONES 4417 BROOK ST NE WASHINGTON DC 20019-4649



# The importance of Address Hygiene and the cost associated with non-compliance of proper address hygiene.

September 29, 2003

Letter from the USPS, I've highlighted what we do and important portions.

The USPS is trying to curb the amount of forwarded and returned mail. Towards that effort, they have had an address update disclaimer on all the First Class presort postage statements. By checking this box, the mailer is acknowledging that they have performed an address update on their mail list within the last 180 days.

Even though this disclaimer has been in use for the last five years or so, the USPS hasn't pursued mailer compliance until recently. The process the USPS will use is as follows: first they will go to the USPS forwarding centers and look for First-Class presort mail that is being returned as "forwarding order expired" then they will determine who the mailer is and contact them. At that time, they will ask the mailer how they are complying with the address update requirement.

The mailer can comply with the requirement in one of the following four ways:

Participate in Address Change Service

- Use a licensed NCOA product or service
- **Use Fast Forward Service ( we utilize this via D3Logic, Inc., our barcode vendor)**
- Use an ancillary endorsement such as "return service requested" etc.

**It will not be enough for the mailer to state the method they use; they will also be required to show how they take the update information provided by their method and make changes to their customer lists. Failure to show the USPS that they are in compliance, the mailer can face a monetary penalty on the presort mailing that contained the pieces in question. This penalty can eliminate all the discounts given in that mailing, in essence bumping the rate up to single piece First-Class mail.**

I would like to meet with you and others within the state to make sure you have procedures in place to meet the criteria. **(We average approximately 7,000,000 discounted pieces annually. This could add \$.092 per piece to total \$644,000 annually).**

Paul Felber, USPS Account Manager, Telephone #: 752.5683



### 3. Delivery Service Cost Savings:

The state currently uses a combination of State employees and outside delivery companies for interagency delivery of mail and documents. We have verified over \$164,000 of outside delivery services but believe there is at least an additional \$350,000.

Our proposal is to centrally manage all mail delivery services. Through better coordination and route planning we believe we can eliminate the need to use some of the outside delivery services utilized without adding to the current state FTE count.

Cost savings identified are \$164,000 per year, with \$500,000 in annual savings potentially achievable.

Federal Express proved the concept of centralization over 20 years ago, only recently adding hubs because of the diversification of their delivery products. Their original location is in Memphis, Tennessee.



# Proposed Process

To coordinate all delivery services and logistics with specific routes and uniform, reliable, efficient services.

- To bring this process in-house.
- To improve accountability and control of the delivery services.
- Centrally locate and manage State employee messengers and messenger fleet to reduce outside delivery service companies utilized.
- The redundancy by multiple companies and State messengers to the same locations will be reduced/eliminated.



## 4. Mail Center Consolidation Cost Savings:

Proposal is to merge the Department of Human Services mailroom into the Central Mail Facility realizing a savings of approximately \$126,000 annually.

### **The savings would be from:**

- Reduced machine service contracts and associated costs of \$14,000 annually.
- Postage savings on approximately 200,000 pieces totaling \$12,000 annually.  
(70% of DHS's total volume)
- Reassigning two FTEs for a total of approximately \$100,000 annually.

